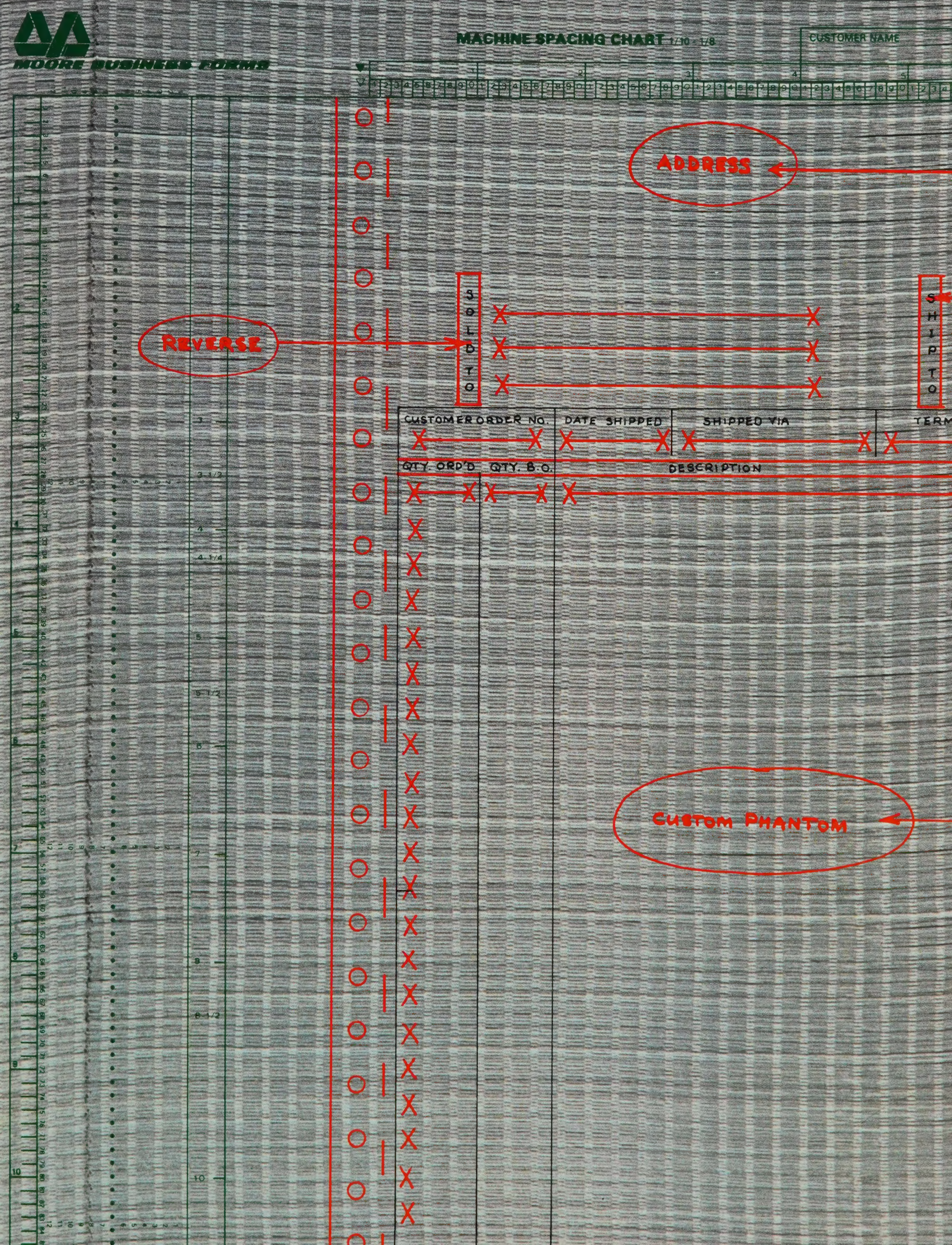
Moore Corporation Limited
Annual Report 1980



Moore Corporation Limited
Financial Highlights

Expressed in United States currency in thousands of dollars except per dollar of sales and per share data

	1980	1979	1978
Consolidated Statement of Earnings			
Sales	**$1,804,781**	$1,541,048	$1,323,362
Income From Operations	**210,694**	192,141	163,439
Per dollar of sales	**11.7¢**	12.5¢	12.4¢
Income Taxes	**108,001**	98,292	87,576
Percent of pretax earnings	**48.7%**	48.6%	51.1%
Net Earnings	**110,722**	104,131	84,080
Per dollar of sales	**6.1¢**	6.8¢	6.4¢
Consolidated Balance Sheet			
Working Capital	**455,320**	407,164	342,027
Ratio of current assets to current liabilities	**3.0:1**	2.9:1	2.9:1
Long-Term Debt	**106,283**	111,291	96,614
Ratio to equity	**0.2:1**	0.2:1	0.2:1
Capital Employed in Business	**808,586**	749,309	670,420
Return on capital employed	**14.2%**	14.7%	13.0%
Shareholders' Equity	**637,104**	572,232	508,378
Return on shareholders' equity	**18.3%**	19.3%	17.3%
Total Assets	**1,036,781**	968,099	849,398
Expenditure for Fixed Assets	**48,043**	47,633	44,836
Per Share Data			
Net Earnings	**$3.95**	$3.72	$3.00
Dividends Declared	**$1.64**	$1.44	$1.32
Shareholders' Equity	**$22.73**	$20.42	$18.14

Contents

Annual Meeting

The annual meeting of shareholders will be held at 2:00 p.m., Thursday, April 9, 1981, in Commerce Hall, Commerce Court West, (King & Bay Streets), Toronto, Canada.

The Business of Moore

Moore is an international organization serving the needs of business, government and other institutions by providing products and services which facilitate the recording, communication, retention and retrieval of business information. Active in 39 countries and with 128 manufacturing plants, Moore is the largest manufacturer of business forms in the world.

Other specialized divisions provide small business computer turnkey systems; direct marketing products; custom packaging and computer graphics services.

Form 10-K

A copy of the Annual Report on Form 10-K, as filed with the Securities and Exchange Commission in Washington, D.C., is available to Shareholders without charge upon request to the Secretary, Moore Corporation Limited, 1 First Canadian Place, P.O. Box 78, Toronto, Canada M5X 1G5.

The cover illustrates the production of a business form/system–one of the vital tools of modern business. Moore specialists work with customers, establishing and developing the systems and forms required by business and industry. The data and specifications shown on the spacing chart overlay enables Moore manufacturing facilities around the world to print and produce the finished forms stacked in the background. The form directs the flow of both information and action as businesses apply the systems approach to management techniques.

An outstanding fourth quarter, the best three-month period in Moore's history, climaxed another year of record sales and earnings.

This achievement is especially noteworthy in view of the generally difficult economic conditions that prevailed. The improvement reflects the basic underlying strength of the worldwide Moore organization and continuing growth in demand for the company's products arising out of the evolving new office environment and business management techniques.

Moore's position as a leader in serving changing information and record keeping needs of modern society is reflected in the long-term growth pattern of the Corporation. Through all the changes in the business cycle, through recessions and booms, sales have increased in 27 of the past 28 years. Earnings have been higher in 25 out of the last 28 years and multiplied 23 times during that same period.

The fact that Moore achieved a 1980 rate of sales growth which exceeded the rate of inflation is an indicator of the continuing growth opportunities ahead.

Financial

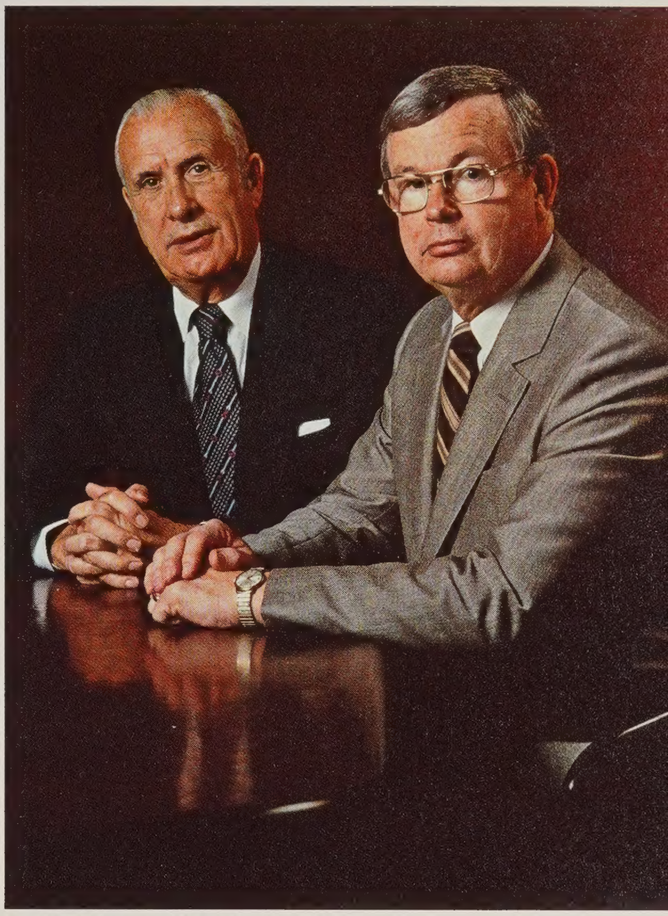
Net earnings of $110.7 million were equal to $3.95 per share and represent a 6.3% rise from 1979 net earnings of $104.1 million, equal to $3.72 per share. Sales of $1.8 billion were ahead 17.1% from $1.5 billion.

The 1980 earnings were impacted by start-up costs of the new Moore Business Systems Division equal to 24¢ per share, an unrealized foreign exchange loss equal to 4¢ per share and non-recurring costs (net) equal to 3¢ per share, a total of 31¢. The non-recurring items include primarily costs associated with the closing of four manufacturing plants in the United Kingdom, less a gain on sale of the United States business form printing machinery plant.

In 1980, Moore invested an additional $2.0 million in Toppan Moore Company, Ltd. to maintain its equity position when that company increased its capital to finance continued growth in the expanding Japanese and South East Asia markets.

Dividends

The continued growth in earnings permitted an increase in the quarterly dividend effective April 1, 1980 to 41¢ per share giving an annualized rate of $1.64, up from the previous level of $1.44. A further increase was approved by the Directors on February 10, 1981 when the quarterly dividend was raised to 45¢ per share effective April 1, 1981, giving an annualized rate of $1.80. Dividends are payable in United States funds and have increased an average of 11.6% per year over the past ten years.



D. W. Barr and R. W. Hamilton

Business Forms

Moore is the leading manufacturer of business forms in the world.

A strong first quarter, continuing the growth experienced in 1979, was followed by a slowing of incoming orders starting in April, then a strong rebound in August which continued through the end of the year.

Market conditions were most competitive as is to be expected during a recession. Ample supplies of paper were available, an improvement from shortages which hampered 1979. However, paper prices continued to increase, leading the general rise in operating costs common to the industry during an inflationary period. Moore was unable to pass on the full impact of the higher costs thereby contributing to a lower profit margin.

The Canadian operating results for the year were excellent. Performance in the United States market was affected by the slowdown in incoming orders in April through July, but the year finished on a strong note. International results were significantly affected by the severe recession in the United Kingdom and by a program of further rationalization of operations in that geographic area. Mexico and Brazil each turned in very strong performances.

Moore continues to seek and develop new areas of opportunity relating to its principal forms business including the expanded use of carbonless paper, ink jet printing, forms management and innovative forms/systems applications. In addition new methods of distribution, designed to reduce the cost of reaching and serving the growing small business market, are being tested. A number of alternatives are being explored, including the use of business centre stores, located in areas of high concentration of small business, offering a range of forms and related products and services. Thirteen such stores have been opened in the United States and their performance is being closely monitored.

The use of non impact printers is affecting the overall rate of growth of business forms through the conversion of multiple part to one part forms with a consequent reduction in value added. However, the effect of these changes is being substantially offset by the increasing demand for business forms to meet the needs of the burgeoning growth in small business computer users and by innovative approaches in designing value added into systems and services that are forms based.

Other Activities

Moore Business Systems continued to expand its range of computer based systems for small business. This new division introduced its first system late in 1979 for a selected segment of the trucking industry.

To date, the division has sold more than 280 systems in 5 business segments. While the development of systems applications by business segment is taking longer than originally anticipated, experience to date indicates that there is a substantial market waiting to be served and that the Moore approach can successfully penetrate that market.

International Graphics Division, in addition to achieving further expansion in the real estate multiple listing market, has developed a similar data base management program for the airline industry in the United States. With deregulation, airline prices, routes and flights change frequently. International Graphics now provides the means for collecting the required information and making it available in a printed booklet on a timely basis.

Response Graphics Division had a good year. Ink jet technology is finding increasing acceptance and the direct mail market base is being expanded through new and innovative systems applications.

The United States and Canadian Packaging operating results were disappointing in 1980, reflecting the severity of the impact of the recession on this industry.

Outlook

Inflation is the single most pressing problem. Material and labour costs have been rising rapidly and with a generally depressed underlying level of business activity, it has been difficult to recover rising operating costs. As general business conditions improve, margins are expected to improve.

Looking to the longer term, it is interesting to note a comment on the United States economy made recently by the deputy editor of the Economist publication.

"...the proportion of American workers in industrial occupations has crashed since the early 1950's from over a half to under a third, while the proportion in information jobs has trebled from 17% to over 50%."

An information worker is defined as anybody who generates or processes or distributes pieces of information. The United States, says the Economist, is moving rapidly from an industrial society to an information society.

Moore's business objective as an international organization is to serve the needs of just such an information society by providing products and services which facilitate the recording, communication, retention and retrieval of business information.

As part of the continuing plan to establish and maintain a sound base for continuing growth, some steps were taken to strengthen the senior management structure. A Senior Vice President, Development has been appointed and is located at Corporate headquarters in Toronto. The new Senior Vice President will monitor and ensure that proper emphasis and attention is given to the rapid technological changes occurring in Moore markets.

The Corporation's common shares have been listed for trading on the New York Stock Exchange and registered with the Securities and Exchange Commission in the United States. This action places Moore in an improved position to achieve greater recognition in the important United States economy.

Evidence is mounting that the worst of the current recessionary period has passed. The outlook for 1981 is one of optimism and there is every reason to believe that Moore will again achieve significant growth in sales and earnings.

Appreciation is expressed to all employees for an excellent performance during a difficult period.

On Behalf of the Board of Directors,

D. W. Barr
Chairman of the Board
February 24, 1981

R. W. Hamilton
President and Chief Executive Officer

Owning a home is everyone's dream. The search is made easier by the International Graphics Division which has developed a computer based system now being used by the real estate industry in the United States and being introduced into Canada. Using methods developed by International Graphics, real estate agents and their customers now have available on portable terminals up to the minute information on new listings, sales, available financial terms and other related data. This instant information facility is used to determine what properties are available for sale and on what terms purchases and sales can be completed–an example of how Moore helps machines communicate with people.

LIST .	GT	AREA	STY	PRICE		ADDRESS		BR	BTHS	GAR	LOFC
127528		608	02	64,500	525	MAPLEWOOD LN	NO	4	2	ATT	6035
127549		537	52	49,900	912	22ND AV	NO	1	1.5	NO	9388
127448		537	51	75,900	6610	50TH AV (14)	NO	2	1	NO	2149
127552	X	535	20	69,900	2717	COLFAX AV (19)	NO	3	2	ATT	384
127458		535	54	79,000	3150	BLAISDELL AV	SO	4	1.5	DBL	164
127457		535	54	89,500	3044	ELLIOT AV	SO	4	2.5	DBL	31

UNIT NO	POWER UNIT	MAKE	TYPE	YEAR	LOCATION	DESCRIPTION
AAA005	YES	INTL	TRACTOR	1980	DA	DALLAS-CHICAGO

PERIOD	TOTAL MILES	NO TRIP	GALS FUEL	FUEL EXPENSE	QTS OIL	OIL EXPENSE	TIRE AND TUBE CST	PARTS COST	MAINT LBR COST	OUTSIDE MAINT CST
10	7,175	1	1635	7001.00	157	172.00	0.00	0.00	0.00	26.00
11	12,833	1	3463	3768.00	75	78.00	0.00	12.00	78.00	23.00
12	8,967	1	2355	2862.00	184	226.00	14.00	24.00	52.00	12.00
1	7,715	1	2282	2534.00	97	109.00	45.00	678.00	417.00	25.00

Business Form/Systems–
The Essential Communications Tool

The trucking industry is one of the prime markets for Moore Business Systems. The first MBS 20/50 mini-computer system was introduced in 1979 to the U.S. trucking industry, noted for its thousands of small and independent businesses. The Moore-developed business information equipment is especially designed to serve industries where there are a large number of modest-sized and small enterprises. Today Moore Business Systems has available specialized computer systems customized for various industries. And more such tailor-made systems are being developed to help people and machines communicate.

For almost 100 years Moore has developed and produced increasingly sophisticated business form/systems to help meet the communication needs of advancing industrial age societies.

Indeed, S. J. Moore, the founder of what is today a worldwide organization with more than 27,000 employees, has been credited with starting the multi-billion dollar business forms industry. Mr. Moore's innovative principle of "one writing can serve many purposes" continues to underly modern communication and record keeping.

New business forms are being developed by Moore to be used as essential parts of tomorrow's integrated and improved systems approaches to the management of business, government and institutions.

A business form acts like lifeblood flowing through systems of carefully determined principles of procedure. Printed forms provide necessary input and are part of the output even in the most technologically advanced computer-based systems.

In an adaptation of the idea made famous by the communications philosopher, the late Marshall McLuhan, the business form today is both the medium and the message.

In the early days of the business forms industry, the handwritten sales pad facilitated people communicating with people. The unending search for improvement developed many possible variations, depending on who creates, reads and acts upon the information-serving systems—people, machines or people-machine combinations.

The results of this growth and evolution of the business form and its integration into management systems are everywhere around us, although few people are aware of the impact.

David W. Barr, Chairman of the Corporation, has made the point that "business forms perform an essential role in the conduct of business and affect all of us in our daily lives. The charge slip which you receive when you make a purchase with a credit card, the sales slip from the local retail store, your T4 or T5 form reporting income and dividends, your utility bill, your tax bill, are all business forms.

"...They are literally with us from the cradle to the grave—your birth certificate is a form, so also is your death certificate."

In life today, business forms are part of a system designed to perform many necessary functions. Here are some everyday examples.

– The payroll cheque is a familiar business form which performs many special functions in recording information, initiating action and generally acting as a carrier through a key business system. One part is a cheque which, when taken to a bank, is exchanged for money. That same cheque, when read by computers, initiates a chain of interbank transactions and recording of data.

  Part of the payroll cheque provides the employee with information on tax deductions, union dues, hospital insurance, pension and other payments. It might contain a record of hours worked and wage rates. The employer, with the help of computers which can store the payroll information, will make remittances to governments and others, will have a permanent record on the employee, will be able to allocate costs, analyze wage distribution components in the operation of the business and plan and initiate changes. The form is the heart of the total system.
– Government collection of personal income taxes is another instance of a business form/system. People earn money. The recording and reporting of those earnings is the first step in an extensive system of carefully designed and integrated business forms. This system collects taxes, makes refunds, transfers funds for use by government in paying bills, distributes money to other governments, provides information for planning of legislation, economic and fiscal policies and data on population and national incomes for use by business.
– The national census permits communication between each citizen and many institutions, businesses and other organizations. One writing, the detailed form questionnaire, when linked with computers, is made useful in many different ways through the tools developed in a system of many specialized business forms.
– Methods used in modern hospitals illustrate how medical services are being improved. A patient's admittance record triggers an integrated set of procedures extending through the full stay. A system of business forms maintains hospital records; labels and provides necessary drugs; advises and reports the treatment to doctors, nurses, anaesthesiologists, radiologists, physiotherapists and others; obtains payment from insurance companies; helps plan purchases of food and other supplies; provides data for medical research. And all this information can be stored in computers, to be drawn upon at the touch of a few keys.

Business Form/Systems–
Keys to Business Efficiency

Every businessman knows and uses business form/systems as an integral part of daily management. Typically, most businesses have nine interrelating key operations–purchasing, receiving, stockkeeping, producing, selling, delivering, billing, collecting and disbursing. Each key operation breaks into other segments. Examples: disbursing salaries and wages, purchasing raw materials and finished goods.

Business forms are designed to recognize the interrelationships of these activities, to expedite the flow of data between key operations and provide information down the line. As many functions as possible should be handled by a single set of forms. And all forms used must integrate into the whole since a record created in any one key operation usually has an impact on the other eight.

For example, a purchase order might contain more than thirty different items of information, with copies from the single writing going to five or more departments such as receiving, accounting, stockkeeping. Each affected department in turn uses its copy or copies of the purchase order to initiate, record and complete other actions.

Form/Systems–How They Evolved

The evolution of today's smooth and efficient business practices occurred in four major steps.

The first business form/system started in retailing, as a salesbook designed to provide both a customer's receipt and an in-house record of the transaction.

Development of the typewriter and one-time carbon spread the concept of an integrated series of actions initiated by one specially designed form.

Industry became interested when it found that multiple copies were practical.

Subsequent development of the continuous marginally punched form gave major impetus to the business form/system approach to recording and collecting information essential to management of an enterprise. The process was evolutionary in the printing industry, which developed use of continuous rolls to replace flat sheets, then perforating techniques so that individual forms could be separated, followed by marginally punched forms which could be processed through data processing equipment.

The coming of age of the computer, both large and small, made business forms even more useful. Today the business forms industry plays a key role in the acceleration of the evolution of information systems. Moore has responded with such innovations as Moore Clean Print carbonless paper. Moore Business Systems continues to add new products to its computer packages specially designed to provide complete business management systems for small enterprises.

Compurite is an innovation that marries the power of computer technology with Moore printing technology. This patented process is used extensively by Moore's direct mail division and new and innovative applications are being developed for use in business form/systems. It permits personalization of material such as mortgage statements, tax forms, and promotional mailings. Names, addresses, and other variable information is drawn from a magnetic tape to be printed by ink jet on the form as it moves through the press.

Modern business demands even more data to facilitate daily activities and future planning. Business form/systems are being developed to provide and help make such information readily accessible. Moore developments such as Speediread with "Eye Track" colour bars mean ease and accuracy in reading while allowing the recording of more data on less paper.

Most importantly, business forms integrated into systems aim at reducing overall costs of operations. Cost of the forms is a small proportion of total business record keeping costs. But a carefully planned system for recording and storing business data improves overall efficiency and reduces the cost of doing business.

Business Form/Systems–
The Future

To make maximum use of the computer as a management tool, ever greater sophistication will be necessary.

This sophistication is built with knowledge, experience and creativity. Moore maintains an Idea Centre where information is collected from the worldwide organization. This information is available for analysis and use on behalf of customers. A steel company in France may have found a solution to an information gathering and planning problem puzzling a United States manufacturer. Or an innovative form design technique developed in Australia will find popular acceptance worldwide.

This knowledge of how to create suitable information systems is combined with the manufacturing capability of Moore's 128 plants to produce the hundreds of thousands of business forms which are the heart of business form/systems.

Increasingly, highly trained Moore systems specialists in 39 countries are becoming involved in helping business, government and other similar institutions solve problems of managing their business form/systems.

Forms management is a fast growing service joining Moore and its customers more closely in a mutual effort to improve performance and efficiency in a keenly competitive and demanding world economy.

Management of the increasingly complex and important forms function in offices and plants of its customers may become a significant part of Moore's future.

This would forge another link in the chain of Moore's worldwide business as a "system" of integrated activities, supplementing and complementing each other, and all providing products and services to facilitate the recording, communication, retention and retrieval of business information.

"Come to the fair" is a message welcomed by old and young. Today, the Response Graphics Division provides the personal invitations to tempt us to holiday travels, amusement parks, to subscribe to magazines, and even to venture a wish on a lottery ticket. The direct mail industry is being revolutionized by a technology which can link ink jet printing with computer control and printing press speed. Hundreds of thousands of personalized mailings can be printed, individually addressed and mailed in an efficient and smooth low cost in-line mass production operation. Moore helps machines communicate with machines.

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$50,000 in Cash

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HERBBERT B. THORPE, SR.
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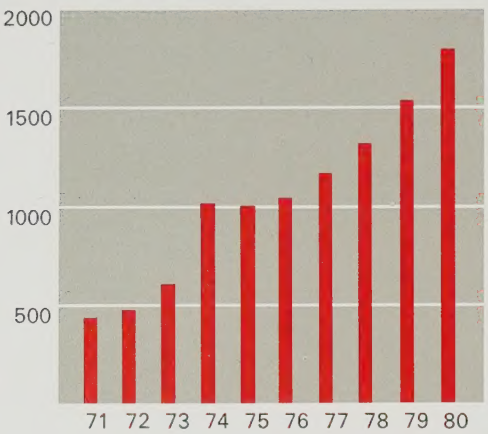
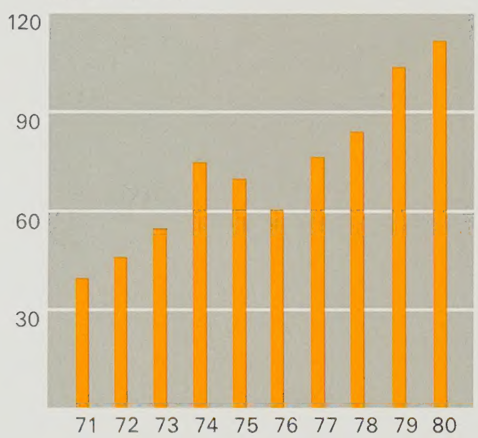
MARLBOROUGH, MA 01752

Management's Discussion and Analysis of Results of Operations and Financial Condition

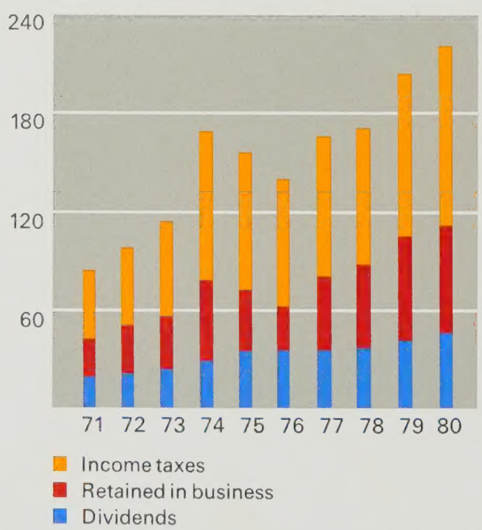
Sales
Millions of dollars



Net Earnings
Millions of dollars



Distribution of Earnings
Millions of dollars



Results of Operations 1980/1979

Sales in 1980 of $1,804.8 million increased $263.7 million or 17.1% over 1979 sales of $1,541.0 million.

With the opportunity for real growth in 1980 being affected by unfavourable economic conditions, particularly in the United States and the United Kingdom, and by a continuing conversion of multiple part to single part forms for use over non impact printers, the larger part of the sales increase was accounted for by inflation.

North American operations accounted for 71% of total sales compared with 73% in 1979. Business forms and related products was the main industry segment comprising 90% of sales in both years.

The operating margin in 1980 of 11.7% compares with 12.5% in 1979. Operating results in 1980 include start-up costs of the new Moore Business Systems Division of $13.2 million compared with $7.8 million in 1979. Also included are non recurring costs (net) totalling $2.7 million comprising mainly redundancy and moving costs in the United Kingdom arising out of a program of rationalization involving the shutdown of four manufacturing plants less a gain on the sale of the Corporation's printing machinery plant in the United States. In addition, steadily rising costs and an increase in competitive activity particularly in the United States and the United Kingdom contributed to the lower 1980 operating margin and the higher cost of sales and selling, general and administrative expenses.

The increase in interest expense was the result of higher interest rates and an increase in short-term borrowing during the year.

In 1980 a net unrealized foreign exchange loss arising on the translation of Canadian and other currencies into United States dollars reduced earnings by $1.2 million or 4¢ per share, compared with an unrealized gain of $1.3 million or 5¢ per share in 1979.

Net earnings in 1980 totalled $110.7 million or $3.95 per share, an increase of $6.6 million or 6.3% and 23¢ per share over net earnings of $104.1 million or $3.72 per share in 1979.

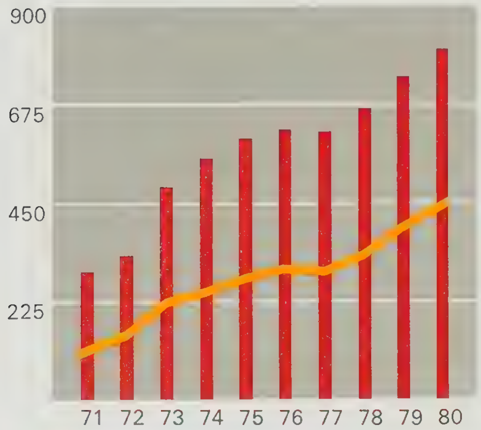
1979/1978

In 1979, sales were $1,541.0 million compared with $1,323.4 million in 1978, an increase of $217.6 million or 16.4%. Most of the increase was price. Real growth was curtailed by a paper shortage in the United States in the early part of the year, and the conversion of multiple part to single part continuous forms for use over non impact printers with a consequent reduction in value added.

In a rapidly changing business world, the large organizations so typical of modern industry depend on a smooth and efficient flow of data. Information must be collected, analyzed and acted upon. Thousands of business forms are required to communicate the many necessary pieces of information that today stream into and out of high-speed computers. A new and growing Moore service, Forms Management, is being welcomed by such corporations to further improve internal efficiency while leaving managers free to manage the business. Moore specialists provide comprehensive systems solutions to meet the business information needs of customers. Moore is part of the process of people communicating with people.

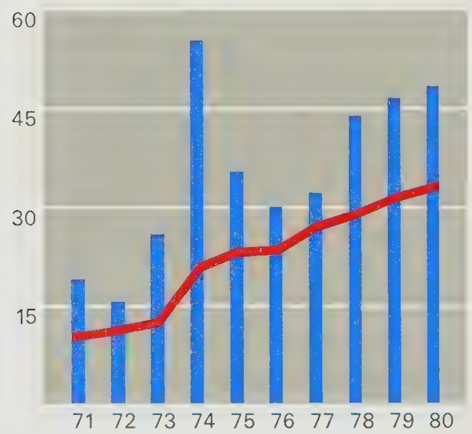
00032	8956	#5 FUEL REQUISITION	4	8 1/2	11	CARTON OF 5000	5000 FORMS	CUSTOM SPEEDISET
00064	7789	SAN DIEGO INVOICE	3	8 1/2	11	CARTON OF 4500	4500 FORMS	STANDARD SPEEDISET
00096	8956	RAW MATERIALS P.O.	4	8 1/2	11	CARTON OF 1000	1000 FORMS	CONTINUOUS
00032	8965	EMPLOYEE REVIEW SHEET	1	8 1/2	11 5/8	POLYWRAP OF 5 PADS	5 PAD	PADDED FORM
00064	8955	FORMS REQUISITION	3	4 1/4	7 5/8	CARTON OF 4000	4000 FORMS	STANDARD SPEEDISET
00096	7789	NEW YORK INVOICE	3	8 1/2	11	CARTON OF 4500	4500 FORMS	STANDARD SPEEDISET
00032	5897	INVOICE	3	8 1/2	11	CARTON OF 5000	5000 FORMS	CUSTOM SPEEDISET
00064	8567	PURCHASE ORDER	5	8 1/2	11	CARTON OF 900	900 FORMS	CONTINUOUS

Capital Employed and Working Capital
Millions of dollars



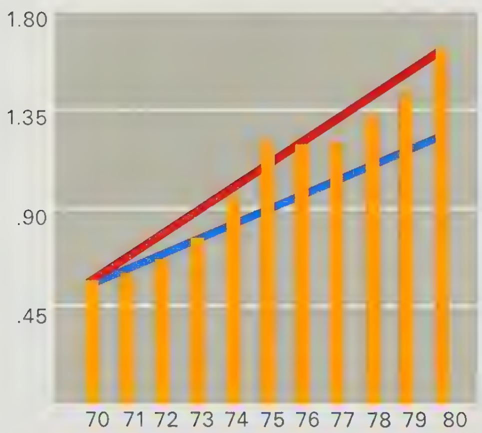
Capital employed
Working capital

Capital Expenditures and Depreciation
Millions of dollars



Capital expenditures
Depreciation

Dividends Declared Per Share
Dollars per share



Dividends per share
Average annual increase in dividends of 11.0%
Average annual increase in Canadian consumer price index of 8.0%

The North American market accounted for 73% of total sales in both 1979 and 1978, with business forms and related products being the major industry segment representing 90% of sales in each year.

Operating margin improved to 12.5% in 1979 from 12.4% in 1978, despite steadily increasing operating costs and a decline in earnings of the Corporation's packaging subsidiaries due to a prolonged strike in Canada and depressed market conditions in the United States. In addition, a $7.8 million start-up cost was absorbed in 1979 arising from the operations of the new Moore Business Systems Division formed in the latter part of 1978.

Interest expense in 1979 increased $1.9 million, due mainly to the additional long-term debt incurred in 1979 to finance new buildings and manufacturing equipment.

The major factor contributing to the increase in investment and other income was the earnings on short-term investments at generally higher interest rates throughout the year compared with 1978.

The provision for income taxes in 1979 was 48.6% of earnings before tax, compared with 51.1% in 1978. The lower 1979 overall rate of tax reflects a 2% decrease in the corporate tax rate in the United States and a reduction of $1.4 million in the United Kingdom taxes on income arising from a 1979 change in United Kingdom tax legislation which allowed the release of previously deferred taxes relating to prior years' stock relief claims.

An unrealized foreign exchange adjustment arises on the translation of Canadian and other currencies into United States dollars. In 1979, there was a net unrealized foreign exchange gain of $1.3 million compared with $3.4 million in 1978.

Net earnings in 1979 were $3.72 per share compared with $3.00 per share in the previous year, an increase of 23.8%.

Liquidity

As indicated in the Consolidated Statement of Changes in Financial Position, working capital generated from operations has been more than sufficient to provide for capital expenditures, dividends, new investments and other requirements. The working capital ratio increased to 3.0:1 in 1980 from 2.9:1 in 1979 and 1978.

In keeping with the Corporation's policy of having the operating subsidiaries finance their local currency needs for cash, additional long and short-term debt is incurred from time to time by some of the subsidiaries. Consequently, long and short-term debt increased in 1979. In 1980 short-term debt increased $2.1 million, offset by a $5.0 million reduction in long-term debt.

During 1980 additional emphasis was placed on programs to encourage efficient management of working capital. These programs and the sale of the Corporation's printing machinery plant in the United States were significant factors contributing to the $28.8 million increase in cash and short-term securities.

Accounts receivable in 1979 increased $53.5 million or 19.9% reflecting, in addition to the growth in sales and the impact of inflation, a slowdown in customers' payments due to the impact of significantly higher interest rates. In 1980 with the added emphasis on efficient management of working capital, accounts receivable increased $39.1 million or 12.1% compared with a sales increase of 17.1%.

Paper shortages in 1978 in the United States, arising from labour problems in the west coast paper mills, held inventories at the end of that year below normal levels. The substantial $59.1 million increase in inventories in 1979 reflects this abnormal situation plus inventory required to support the growth of the carbonless forms products and the managed business forms inventory service being offered to customers. At the end of 1980 inventories were $11.9 million lower than at the beginning of the year reflecting the sale of the Corporation's printing machinery plant operation in the United States and an overall reduction in raw material inventories.

Internally generated funds, plus outside financing by certain of the international subsidiaries, should be adequate to cover future normal cash needs of the Corporation. The facilities available to those subsidiaries that continue to require external short-term or long-term funds to finance operations or capital expenditures should be adequate to meet the cash needs of these subsidiaries.

At December 31, 1980 outstanding unused lines of credit for short-term financing totalled $52.0 million.

Capital Resources

The strong financial condition reflected in the consolidated balance sheet places the Corporation in a good position to continue to take advantage of opportunities for growth and expansion of its products, systems and services.

The Corporation's capital expenditure program and components of capital employed during the past three years are presented in the following tables (in millions):

Capital Expenditures	Land and Buildings			Machinery and Equipment		
	1980	1979	1978	**1980**	1979	1978
Canada	**$ 1.3**	$ 2.5	$ .1	**$ 2.7**	$ 1.6	$ 1.5
United States	**2.9**	4.2	7.6	**24.8**	17.4	15.0
Europe	**1.2**	3.3	4.8	**8.6**	10.4	8.0
Other Countries	**5.0**	2.8	3.5	**1.5**	5.4	4.3
	$10.4	$12.8	$16.0	**$37.6**	$34.8	$28.8

Capital Employed	1980	%	1979	%	1978	%
Common shares	**$ 33.4**		$ 33.2		$ 33.2	
Retained earnings	**603.7**		539.0		475.2	
Shareholders' equity	**637.1**	**78.8**	572.2	76.4	508.4	75.9
Long-term debt	**106.3**	**13.1**	111.3	14.8	96.6	14.4
Deferred taxes and liabilities	**52.2**	**6.5**	55.6	7.4	55.9	8.3
Equity of minority shareholders	**13.0**	**1.6**	10.2	1.4	9.5	1.4
	$808.6	**100.0**	$749.3	100.0	$670.4	100.0

Impact of Inflation and Changing Prices

Attempts to restate historical cost financial statements to measure the effect of inflation and changing prices employ indices and other techniques such as appraisals. The result is an approximation of the impact of inflation on operations.

There are many ways by which a business organization can cope with inflation and changing prices. Some are inherent in particular industries, whereas others require specific application.

The major inventory of a business forms manufacturer is paper, and paper inventories are inherently turned over several times within each year. In the case of the Corporation, paper inventories are turned over approximately five to six times each year. This turnover along with over 43% of total consolidated inventories being costed on the LIFO basis results on average in a very short time lag between the purchase of paper and recognition of current paper costs in operations.

Another area of concern is the need to replace manufacturing capacity at current prices. Within the Corporation equipment is constantly being added, upgraded or replaced. Depreciation rates are reviewed with recognition being given to obsolescence factors in determining useful lives. The consistent relationship between depreciation expense and sales over the years while the cost of equipment has continued to rise is an indication of the Corporation's ability to increase selling prices and cope with inflation.

The foregoing statements are supported by the Corporation's strong financial condition.

Moore Corporation Limited
Consolidated Balance Sheet

As at December 31
Expressed in United States currency
in thousands of dollars

Assets

	1980	1979
Current Assets		
Cash	**$ 11,757**	$ 13,521
Short-term securities, at cost which is approximate market value	**66,722**	36,139
Accounts receivable, less allowance for doubtful accounts $7,846 ($7,054 in 1979)	**361,468**	322,396
Inventories (Note 2)	**235,616**	247,506
Prepaid expenses	**7,952**	6,392
Total Current Assets	**683,515**	625,954
Fixed Assets		
Land	**21,064**	19,098
Buildings	**142,695**	137,381
Machinery and equipment	**422,414**	398,691
	586,173	555,170
Less: Accumulated depreciation	**268,091**	246,086
	318,082	309,084
Investment in Associated Corporations (Note 3)	**16,411**	14,608
Other Assets (Note 4)	**18,773**	18,453
	$1,036,781	$ 968,099

Liabilities

	1980	1979
Current Liabilities		
Bank loans (Note 5)	$ 27,952	$ 25,855
Accounts payable and accruals (Note 6)	157,060	153,495
Dividends payable	11,490	10,088
Accrued income taxes	31,693	29,352
Total Current Liabilities	228,195	218,790
Long-Term Debt (Note 7)	106,283	111,291
Deferred Income Taxes and Liabilities (Note 8)	52,177	55,598
Equity of Minority Shareholders in Subsidiary Corporations	13,022	10,188
	399,677	395,867

Shareholders' Equity

	1980	1979
Common Shares (Note 9)		
Authorized: 40,000,000 shares without par value		
Issued: 28,025,305 shares (28,023,146 shares in 1979)	33,364	33,253
Retained Earnings	603,740	538,979
	637,104	572,232
	$1,036,781	$ 968,099

Approved by the Board of Directors:

Director Director

Moore Corporation Limited
Consolidated Statement of Earnings

For the year ended December 31
Expressed in United States currency
in thousands of dollars
except earnings per share

	1980	1979	1978
Sales	**$1,804,781**	$ 1,541,048	$ 1,323,362
Cost of sales	**1,186,335**	1,005,260	874,436
Selling, general and administrative expenses	**359,226**	301,102	247,055
Depreciation	**33,780**	31,076	28,832
Interest expense	**14,746**	11,469	9,600
	1,594,087	1,348,907	1,159,923
Income from operations	**210,694**	192,141	163,439
Investment and other income	**10,891**	10,244	7,795
Earnings before income taxes, minority interests, unrealized foreign exchange adjustments and extraordinary items	**221,585**	202,385	171,234
Income taxes (Note 12)	**108,001**	98,292	87,576
Minority interests	**1,680**	1,271	1,355
Earnings before unrealized foreign exchange adjustments and extraordinary items	**111,904**	102,822	82,303
Unrealized foreign exchange adjustments	**(1,182)**	1,309	3,425
Earnings before extraordinary items	**110,722**	104,131	85,728
Extraordinary items (Note 13)	—	—	1,648
Net Earnings	**$ 110,722**	$ 104,131	$ 84,080
Earnings Per Share (Note 14)			
Before extraordinary items	**$3.95**	$3.72	$3.06
After extraordinary items	**$3.95**	$3.72	$3.00

Consolidated Statement of Retained Earnings

For the year ended December 31
Expressed in United States currency
in thousands of dollars

	1980	1979	1978
Balance at beginning of year	**$ 538,979**	$ 475,200	$ 448,145
Net earnings	**110,722**	104,131	84,080
	649,701	579,331	532,225
Dividends $1.64 per share ($1.44 in 1979; $1.32 in 1978)	**45,961**	40,352	36,987
Excess of cost of shares cancelled over their stated value (Note 9)	—	—	20,038
Balance at End of Year	**$ 603,740**	$ 538,979	$ 475,200

Consolidated Statement of Changes in Financial Position

For the year ended December 31
Expressed in United States currency
in thousands of dollars

	1980	1979	1978
Sources of Working Capital			
Earnings before extraordinary items	**$ 110,722**	$ 104,131	$ 85,728
Items not requiring current outlays of working capital–			
Depreciation	**33,780**	31,076	28,832
Equity in earnings of associated corporations	**(2,879)**	(2,726)	(3,066)
Minority interest in earnings	**1,680**	1,271	1,355
Deferred income taxes	**(2,809)**	(126)	4,372
Other	**(5,002)**	3,736	2,517
Working capital from operations	**135,492**	137,362	119,738
Additions to long-term debt	**3,635**	23,144	10,235
Sale of fixed assets	**11,153**	5,648	5,103
United Kingdom Advance Corporation Tax	**—**	—	2,246
Dividends from associated corporations	**1,290**	838	1,120
Other sources	**471**	186	634
	152,041	167,178	139,076
Applications of Working Capital			
Expenditure for fixed assets	**48,043**	47,633	44,836
Dividends	**45,961**	40,352	36,987
Deferred pension liability	**—**	—	6,553
Reductions in long-term debt	**6,282**	10,117	4,360
Investment in subsidiary corporations net of working capital acquired	**(840)**	649	2,879
Tax arising on cancellation of shares of the Corporation held by a subsidiary	**—**	—	2,789
Investment in associated corporations	**1,982**	398	1,208
Deferred charges	**652**	905	935
Extraordinary items	—	—	819
Dividends paid by subsidiaries to minority interests	**176**	530	577
United Kingdom Advance Corporation Tax	**—**	173	—
Other applications	**1,629**	1,284	755
	103,885	102,041	102,698
Increase in Working Capital	**48,156**	65,137	36,378
Working Capital at Beginning of Year	**407,164**	342,027	305,649
Working Capital at End of Year	**$ 455,320**	$ 407,164	$ 342,027
Increase (Decrease) in Working Capital by Component			
Cash	**$ (1,764)**	$ 767	$ 3,214
Short-term securities	**30,583**	(8,890)	(41,760)
Accounts receivable	**39,072**	53,451	37,808
Inventories	**(11,890)**	59,140	20,074
Prepaid expenses	**1,560**	481	(16)
Bank loans	**(2,097)**	(9,294)	42,241
Accounts payable and accruals	**(3,565)**	(25,200)	(19,605)
Dividends payable	**(1,402)**	(841)	(841)
Accrued income taxes	**(2,341)**	(4,477)	(4,737)
Increase in Working Capital	**$ 48,156**	$ 65,137	$ 36,378

Note 1

Summary of Accounting Policies

Accounting principles:
Moore Corporation Limited is incorporated under the laws of the Province of Ontario, Canada.

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada.

Translation of foreign currencies:
The consolidated financial statements are expressed in United States currency because the greater part of the net assets and earnings are located or originate in the United States. Canadian and other currencies have been translated into United States currency on the following bases:
- Current assets, current liabilities, pension liabilities, long-term receivables and long-term debt, at the year-end rates of exchange;
- All other assets, liabilities, accumulated depreciation and related charges against earnings and share capital, at historical rates of exchange;
- Income and expenses, other than depreciation, at average exchange rates during the year.

Net unrealized exchange losses arising on translation of foreign currencies are charged to earnings. Net unrealized exchange gains are deferred and included in accounts payable and accruals to the extent they exceed any losses previously charged to earnings.

Realized exchange gains or losses are included in earnings.

Inventories:
Inventories of raw materials and work in process are valued at the lower of cost and replacement cost and inventories of finished goods at the lower of cost and net realizable value. The cost of the principal raw material inventories and the raw material content of finished goods inventories in Canada and the United States is determined on the last-in, first-out basis. The cost of all other inventories is determined on the first-in, first-out basis.

Fixed assets and depreciation:
Fixed assets are stated at historical cost after deducting investment tax credits and other grants on eligible capital assets. Depreciation is provided on a basis that will amortize the cost of depreciable assets over their estimated useful lives using the straight-line method. All costs for repairs and maintenance are expensed as incurred.

The estimated useful lives of buildings range from 20 to 50 years and of machinery and equipment from 5 to 17 years.

Gains or losses on the disposal of fixed assets are included in earnings and the cost and accumulated depreciation related to these assets are removed from the accounts.

Investment in associated corporations:
The Corporation accounts for its investment in associated corporations by the equity method.

Goodwill:
Goodwill represents the net excess of the cost of shares in subsidiaries over the book value of their net assets at date of acquisition, less the portion thereof allocated to tangible assets, and is being amortized by the straight-line method over a period of forty years.

Amortization of deferred costs:
Deferred debenture costs are amortized over a ten-year period and deferred production engineering costs are amortized over varying periods not exceeding five years.

Income taxes:
Income taxes are accounted for on the tax allocation basis which relates income taxes to the accounting income for the year.

Consolidated earnings include the reduction in United Kingdom income taxes resulting from the release of previously recorded deferred income taxes arising from United Kingdom stock relief claims when there is reasonable assurance that a prior year's stock relief claim will not become taxable in the future.

No provision has been made for taxes on undistributed earnings of subsidiaries not currently available for paying dividends inasmuch as such earnings have been reinvested in the businesses.

Note 2

Inventories

(in thousands)	**1980**	1979
Raw materials	**$114,452**	$133,575
Work in process	**19,730**	24,398
Finished goods	**95,605**	85,262
Other	**5,829**	4,271
	$235,616	$247,506

The excess of the current cost over the last-in, first-out cost of those inventories determined on the latter basis is approximately $57,000,000 at December 31, 1980 (1979–$48,000,000).

Note 3

Investment in Associated Corporations

(in thousands)	**1980**	1979
Toppan Moore Company, Ltd. (45% owned)	**$15,334**	$12,377
Moore Business Forms de Centro America, S.A. (49% owned)	—	1,212
Formularios y Procedimientos Moore, S.A. (49% owned)	**1,077**	1,019
	$16,411	$14,608

During 1980, the Corporation subscribed for additional shares of Toppan Moore Company, Ltd. at a cost of $1,982,000 thereby maintaining its equity interest at 45%.

In 1980, Moore Business Forms de Centro America, S.A. became a subsidiary, with the purchase by the Corporation of an additional 2% of its outstanding shares.

Dividends received from associated corporations in 1980 were $1,290,000 (1979–$838,000; 1978–$1,120,000). The undistributed earnings of associated corporations included in retained earnings are $8,610,000 (1979–$8,749,000; 1978–$6,069,000).

Note 4

Other Assets

Other assets include goodwill of $10,004,000 (1979–$10,043,000), net of accumulated amortization of $2,322,000 (1979–$1,996,000).

Note 5

Unused Lines of Credit

The unused lines of credit outstanding at December 31, 1980 for short-term financing totalled approximately $52,000,000 (1979–$48,000,000), of which $20,000,000 is for the support of commercial paper borrowings. There were no commercial paper borrowings outstanding at the end of either year.

Note 6

Accounts Payable and Accruals

(in thousands)	**1980**	1979
Trade accounts payable	**$ 56,580**	$ 63,692
Other payables	**24,885**	25,838
	81,465	89,530
Accrued payrolls	**43,488**	23,908
Other accruals	**32,107**	40,057
	75,595	63,965
	$157,060	$153,495

Note 7

Long-Term Debt

(in thousands)	**1980**	1979
Moore Corporation Limited		
6% Convertible Subordinated Debentures due 1994 ($43,321,000 Cdn.; 1979–$44,709,000 Cdn.)	**$36,329**	$38,324
Eurocurrency bank loan due 1982 bearing interest at ⅝ of 1% over the London Interbank Offering Rate existing from time to time	**13,701**	13,700
3,500,000 Pounds sterling		
13,342,000 French francs		
5,000,000 Dutch florins		
Other loans bearing interest at 7% and 9% due 1983 and 1987	**1,286**	1,339
Moore Business Forms, Inc.		
7.9% Senior Notes due 1996	**19,000**	20,000
Industrial Development Revenue Bonds bearing interest at 6.85% and 9.5% due 2004	**7,350**	7,350
6.75% Promissory Note due 1986, secured by mortgages on certain properties	**1,928**	2,241
Other loans bearing interest at 8% and 9.5% due 1983 and 1989	**295**	679
Capital lease commitments	**765**	923

(Note 7 continued)

Moore Paragon S.A.		
Bank and other loans payable in French francs bearing interest at 8.25% to 11% due 1982 to 1993. Loans amounting to $5,015,000 (1979–$5,956,000) are secured	**$ 8,440**	$ 9,822
Moore Business Systems Australia Limited		
10.3% secured Debentures payable in Australian dollars due 1983	**3,545**	3,324
Other secured loans payable in Australian and New Zealand dollars bearing interest at 5% to 14.5% due 1982 to 1992	**1,982**	2,053
Moore Ges.m.b.H.		
Bank loans payable in Austrian schillings bearing interest at 5.5% to 10.2% due 1982 to 1989. Loans amounting to $8,000 (1979–$1,225,000) are secured	**3,486**	4,042
F. N. Burt Company, Inc.		
6.5% Industrial Development Revenue Bonds due 2004	**3,500**	3,500
Other Subsidiaries		
Secured loans	**457**	438
Unsecured loans	**3,414**	2,848
Capital lease commitments	**805**	708
	$106,283	$111,291

The 6% Convertible Subordinated Debentures are convertible at any time until April 1, 1984 into common shares at a rate of 17 shares per $1,000 Cdn. principal amount of debentures. Under certain circumstances debentures are redeemable or can be purchased in the market by the Corporation in accordance with the provisions and sinking fund requirements specified in the trust indenture. The trust indenture provides for a sinking fund, with respect to the retirement of the debentures, to commence in 1985. The principal amount of the debentures purchased by the Corporation in 1980 and 1979 satisfies the sinking fund obligations for the years 1985 to 1988 inclusive.

At December 31, 1980, the London Interbank Offering Rates on the Eurocurrency bank loan were Pounds sterling 17.375%; French francs 12%; Dutch florins 10.5%.

The long-term debt of other subsidiaries bears interest at rates ranging from 6.25% to 23.125%. These debts mature on varying dates to 1990. Loans amounting to $1,776,000 (1979–$1,866,000) are payable in currencies other than United States dollars and loans of $457,000 (1979–$438,000) are secured by assets of five (1979–two) subsidiaries.

The cost of assets subject to lien approximated $84,000,000 (1979–$82,000,000), the liens being primarily mortgages against fixed assets.

Payments of $4,571,000 (1979–$3,793,000) on long-term debt due within one year are included in current liabilities. For the years 1982 through 1985 payments required on long-term debt are as follows: 1982–$19,280,000; 1983–$9,853,000; 1984–$3,905,000; 1985–$3,750,000.

Note 8

Deferred Income Taxes and Liabilities

Deferred income taxes amount to $44,784,000 (1979–$47,760,000). Deferred liabilities include $6,095,000 (1979–$6,440,000) for pensions under unfunded retirement plans of certain overseas subsidiaries (see Note 10).

Deferred income taxes include $1,267,000 (1979–$2,277,000) relating to United Kingdom stock relief claimed in prior years which, following a change during 1979 in the United Kingdom stock relief legislation, may be taken into consolidated earnings in future years if at that future time there is reasonable assurance that these amounts will not become payable. As a result of this change in legislation, deferred income taxes were reduced by $540,000 (1979–$1,375,000) representing the release of deferred tax arising from United Kingdom stock relief claims to the end of 1978.

Note 9

Common Shares

The following is a summary of the changes in the authorized and issued common shares without par value since January 1, 1978:

	Authorized number of shares	Issued Number of shares	Issued Amount
Balance, January 1, 1978	31,779,264	28,520,646	$33,770,000
May 9, 1978, cancellation of shares held by a subsidiary	500,000	500,000	592,000
Balance, December 31, 1978	31,279,264	28,020,646	33,178,000
April 12, 1979, increase in authorized capital	8,720,736	—	—
March 29, 1979, exercise of stock option	—	1,000	30,000
July 20, 1979, exercise of stock option	—	1,500	45,000
Balance, December 31, 1979	40,000,000	28,023,146	33,253,000
March 7, 1980, conversion of $127,000 (Cdn.) principal amount of 6% Convertible Subordinated Debentures	—	2,159	111,000
Balance, December 31, 1980	**40,000,000**	**28,025,305**	**$33,364,000**

Pursuant to the terms of the 1976 Executive Stock Option Plan approved by the shareholders of the Corporation on April 14, 1976, 224,400 common shares of the Corporation were reserved for issuance. Under the terms of the Plan, options may be granted to certain key employees to purchase shares of the Corporation at a price per share which is not less than 100% of fair market value on the date the option is granted. Options may be exercised at such times as are determined at the date they are granted and expire not more than ten years from the date granted. Details of the stock option activity in 1980 are as follows:

Year options granted	Option price per common share in Canadian currency	Number of common shares under option: Outstanding December 31 1979	Exercised during year	Lapsed during year	Outstanding December 31 1980
1976	$34.94	49,000	None	2,000	47,000
1979	$37.94	46,000	None	1,000	45,000
		95,000	None	3,000	92,000

The number of shares available for stock option grants pursuant to the terms of the 1976 Executive Stock Option Plan were 126,900 common shares as at January 1, 1980 and 129,900 common shares as at December 31, 1980.

During 1978 the Corporation's authorized and issued common shares were reduced upon the cancellation of the 500,000 shares held by its subsidiary corporation, Moore Business Forms Limited, and the excess of their cost over their stated value was charged to retained earnings.

At December 31, 1980, as required by the provisions of the trust indenture relating to the 6% Convertible Subordinated Debentures, 736,457 common shares were reserved to meet the conversion privilege of the debentures.

Note 10

Retirement Plans

Based on the latest reports of independent consulting actuaries on the Corporation's United States and Canadian retirement plans, all vested benefits are fully funded and it is estimated that the obligations for pension benefits expected to accrue and vest in the future, which are related to prior service, approximate $96,400,000 as at December 31, 1980 (1979–$87,000,000). Consistent with preceding years, these obligations will be recorded in the accounts and funded by annual payments over periods not exceeding thirty years.

Effective November 7, 1977, a special supplementary pension plan was established under which eligible employees in the United States and Canada were given the opportunity to elect early retirement by the end of that year. The maximum obligation remaining under this plan is $2,970,000 which will be recorded and paid during 1981. In 1980, $3,632,000 was paid and recorded as pension expense (1979–$4,055,000; 1978–$4,291,000) (see Note 17).

Funded contributory retirement plans are available for employees in some of the international subsidiaries and current service costs under these plans are being charged to earnings

(Note 10 continued)

and funded annually. In other international subsidiaries, where either state or funded retirement plans exist, there are certain small supplementary unfunded plans.

Pensionable service prior to establishing funded contributory retirement plans in some international subsidiaries, covered by former discretionary non contributory retirement plans, was assumed as a prior service obligation. The deferred liability for pensions at December 31, 1980, referred to in Note 8, relates primarily to the unfunded portion of this prior service obligation.

Note 11

Consolidated Statement of Earnings Information

(in thousands)	**1980**	1979	1978
Interest expense			
Interest on long-term debt	**$10,056**	$ 8,798	$ 6,791
Other interest expense	**4,580**	2,460	2,679
Amortization of deferred debenture costs	**110**	211	130
	14,746	11,469	9,600
Investment and other income			
Equity in earnings of associated corporations	**2,879**	2,726	3,066
Discount earned on purchase of 6% Convertible Subordinated Debentures	**325**	785	—
Interest on short-term investments	**7,687**	6,733	4,729
	10,891	10,244	7,795
Repairs and maintenance	**27,774**	28,260	22,412
Taxes other than income taxes	**26,449**	22,312	20,273
Pension plan expense	**21,225**	19,963	17,350
Research and development expense	**14,623**	14,466	10,120
Amortization of deferred production engineering costs	**803**	572	703
Amortization of goodwill	**326**	363	340

Note 12

Income Taxes

(in thousands)

The components of earnings before income taxes and the provision for income taxes for the three years ended December 31, 1980 consist of the following:

Earnings before income taxes

	1980	1979	1978
Canada	**$ 12,036**	$ 6,189	$ 4,516
United States	**165,813**	157,676	134,684
Other countries	**43,736**	38,520	32,034
	$221,585	$202,385	$171,234

Provision for income taxes

	1980		1979		1978	
	Current	**Deferred**	Current	Deferred	Current	Deferred
Canada (federal and provincial)	**$ 6,774**	**$(927)**	$ 3,634	$ (596)	$ 2,661	$ (59)
United States						
Federal	**70,209**	**308**	69,100	(1,153)	57,162	2,718
State	**10,907**	**117**	10,265	(110)	8,426	390
Other countries	**22,920**	**(2,307)**	15,419	1,733	14,955	1,323
	$110,810	**$(2,809)**	$98,418	$ (126)	$83,204	$4,372

(Note 12 continued)

Deferred income taxes in each of the three years arose from a number of differences of a timing nature between income for accounting purposes and taxable income in the jurisdictions in which the Corporation and its subsidiaries operate. In each year, these timing differences included the variation between tax and accounting depreciation, United Kindgom stock relief, state income taxes in the United States and other items.

The effective rates of tax for each year as compared to the statutory Canadian rates were as follows:

	1980	1979	1978
Canadian combined federal and provincial statutory rate as applied to manufacturing and processing profits	**44.7%**	43.0%	42.9%
Increase, primarily the net effect of tax rates in other countries	**4.0**	5.6	8.2
Total consolidated effective tax rate	**48.7%**	48.6%	51.1%

Note 13

Extraordinary Items

There were no extraordinary items in 1980 or 1979. In 1978 the extraordinary items consisted of a loss ($1,060,000 net of income tax of $424,000) arising from the phasing out of certain operations, a provision ($1,543,000 net of income tax of $407,000) for the settlement by F. N. Burt Company ,Inc. of antitrust class actions and a gain ($955,000) arising from the excess of insurance proceeds over the net book value of assets destroyed by fire in Austria. The antitrust class action was settled in 1979.

Note 14

Earnings and Fully Diluted Earnings per Share

The earnings per share calculations are based on the weighted average of the common shares outstanding during the year.

If it were assumed that at the beginning of the year the 6% Convertible Subordinated Debentures had been converted into common shares and all outstanding stock options had been exercised with the funds derived therefrom yielding an annual return of 6% net of tax, the earnings per share for the year would have been $3.88 (1979–$3.65; 1978–$2.95) (see Note 17).

Note 15

Lease Commitments

(in thousands)

At December 31, 1980, long-term lease commitments require approximate future rentals as follows:

1981	$21,708	1984	$ 9,656
1982	17,459	1985	7,568
1983	12,063	1986 and thereafter	11,124

Note 16

Segmented Information

(in thousands)

The Corporation and its subsidiaries have operated predominantly in one industry during the three years ended December 31,1980, that being the manufacture and sale of business forms and related products and services. Transfers of product between geographic segments are generally accounted for on a basis that results in a fair profit being earned by each segment. The export of product from Canada is insignificant.

(Note 16 continued)

Geographic Segments

1980	Canada	United States	Europe	Other	Consolidated
Total revenue	$161,120	$1,134,589	$346,846	$168,585	$1,811,140
Intergeographical segment sales	(10)	(6,340)	(9)	—	(6,359)
Sales to customers outside the enterprise	$161,110	$1,128,249	$346,837	$168,585	$1,804,781
Segment operating profit	$ 19,584	$ 163,075	$ 15,954	$ 27,961	$ 226,574
Interest expense					14,746
General corporate expenses					1,134
Income from operations					$ 210,694
Identifiable assets	$ 79,074	$ 603,708	$224,217	$113,712	$1,020,711
Intersegment eliminations					(7,978)
Corporate assets including investments in associated corporations					24,048
Total assets					$1,036,781
Depreciation expense	$ 2,518	$ 20,422	$ 6,985	$ 3,855	$ 33,780
Capital expenditures	$ 4,046	$ 27,696	$ 9,810	$ 6,491	$ 48,043

1979	Canada	United States	Europe	Other	Consolidated
Total revenue	$135,734	$ 992,373	$294,062	$129,568	$1,551,737
Intergeographical segment sales	(120)	(10,037)	(225)	(307)	(10,689)
Sales to customers outside the enterprise	$135,614	$982,336	$293,837	$129,261	$1,541,048
Segment operating profit	$ 15,443	$ 153,100	$ 19,314	$ 17,413	$ 205,270
Interest expense					11,469
General corporate expenses					1,660
Income from operations					$ 192,141
Identifiable assets	$ 72,380	$ 561,551	$230,717	$ 87,916	$ 952,564
Intersegment eliminations					(8,160)
Corporate assets including investments in associated corporations					23,695
Total assets					$ 968,099
Depreciation expense	$ 2,277	$ 19,531	$ 6,885	$ 2,383	$ 31,076
Capital expenditures	$ 4,129	$ 21,585	$ 13,725	$ 8,194	$ 47,633

1978	Canada	United States	Europe	Other	Consolidated
Total revenue	$119,228	$ 859,238	$243,421	$110,202	$1,332,089
Intergeographical segment sales	(103)	(8,601)	(23)	—	(8,727)
Sales to customers outside the enterprise	$119,125	$ 850,637	$243,398	$110,202	$1,323,362
Segment operating profit	$ 12,588	$ 131,850	$ 15,826	$ 14,057	$ 174,321
Interest expense					9,600
General corporate expenses					1,282
Income from operations					$ 163,439
Identifiable assets	$ 65,277	$ 498,161	$192,055	$ 77,931	$ 833,424
Intersegment eliminations					(6,263)
Corporate assets including investments in associated corporations					22,237
Total assets					$ 849,398
Depreciation expense	$ 2,133	$ 17,372	$ 6,159	$ 3,168	$ 28,832
Capital expenditures	$ 1,660	$ 22,638	$ 12,772	$ 7,766	$ 44,836

Note 17

Differences between Canadian and United States Generally Accepted Accounting Principles

As a result of the registration of the common shares of the Corporation with the Securities and Exchange Commission on November 12, 1980 and the listing of the shares on the New York Stock Exchange on November 13, 1980, compliance with the integrated disclosure rules of the Securities and Exchange Commission is required.

The accounting policies in Note 1 and accounting principles generally accepted in Canada are consistent with United States generally accepted accounting principles except in the following areas:

Translation of foreign currencies:
Under United States generally accepted accounting principles, inventories and prepaid expenses would be translated at historical rates of exchange. The resulting adjustment to inventory and prepaid expenses and the related effect on earnings would not be material. Unrealized exchange gains would not be deferred under United States generally accepted accounting principles. At December 31, 1980, 1979, 1978 and 1977 there were no deferred unrealized exchange gains.

Fixed assets and depreciation:
Under United States generally accepted accounting principles, investment tax credits would be initially recorded as a deferred credit with the amortization of this credit being recorded as a reduction of income tax expense. This difference in accounting from that reflected in the accounts would not affect net earnings.

Amortization of deferred costs:
Under United States generally accepted accounting principles, deferred debenture costs would be amortized over the life of the debentures on the interest method. This difference in amortization method from that reflected in the accounts would not have a material effect on net earnings.

Extraordinary items:
Under United States generally accepted accounting principles, the extraordinary items shown in Note 13 would be included in determining income from operations.

Retirement plans:
Under United States generally accepted accounting principles, the total cost of the special supplementary pension plan referred to in Note 10, amounting to $13,152,000, would have been recorded as an expense in 1977 and a deferred pension plan liability, in the same amount, would have been established. This adjustment results in a corresponding increase in earnings for the years 1978 through 1981. The related after tax effect would have been to decrease earnings in 1977 by $6,613,000 and to increase earnings in 1978, 1979 and 1980 by $2,109,000, $1,879,000 and $1,527,000 respectively. The remaining deferred liability at December 31, 1980 would be $2,302,000.

Under United States generally accepted accounting principles, additional information as set out in the table below, available only in respect of the Corporation's United States retirement plans, would be disclosed. The data is based upon the latest reports of independent consulting actuaries on the Corporation's United States retirement plans which cover substantially all of the employees in the United States. The value of the net assets of those plans has been determined on a full accrual, market value basis and the amount funded and expensed each year includes an amount to cover current service costs and an amount to amortize past service costs.

(in thousands)	**January 1 1980**	January 1 1979
Actuarial present value of accumulated plan benefits of which $91,219,000 (1979–$84,681,000) are vested	**$ 99,526**	$ 91,630
Net assets available for benefits	**$108,742**	$ 90,837
Assumed interest rate used in calculating accumulated plan benefits	**7.5%**	7.5%

(Note 17 continued)

Earnings and fully diluted earnings per share: The calculation of primary earnings per share under United States generally accepted accounting principles would include the common stock equivalent of the 6% Convertible Subordinated Debentures and any outstanding stock options granted where the average market price for the year exceeds the option price. Under United States generally accepted accounting principles the calculation of fully diluted earnings per share would include the dilutive effect, if any, of any common shares issued during the period on conversion of debentures or the exercise of stock options with effect from the beginning of the period. Also, the calculation of fully diluted earnings per share would include the additional dilutive effect of outstanding options if the market price at the close of the period is higher than the average market price used in computing primary earnings per share.

Earnings per common and common equivalent share and assuming full dilution are $3.94 (1979–$3.72; 1978–$2.99).

Note 18

Comparative Consolidated Financial Statements

Certain amounts in the 1979 and 1978 consolidated financial statements have been restated for comparative purposes.

Management's Statement on Financial Reporting

The accompanying consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada.

The Corporation maintains a system of internal control which is designed to provide reasonable assurance that assets are safeguarded and that reliable financial records are maintained.

The consolidated financial statements have been examined by the Corporation's independent auditors, Price Waterhouse & Co., and and their report is included herein.

The Audit Committee of the Board of Directors is composed entirely of outside directors and meets periodically with the Corporation's independent auditors, management and the Corporation's Internal Auditor to discuss the scope and results of audit examinations with respect to adequacy of internal controls and financial reporting of the Corporation.

Auditors' Report

To the Shareholders of
Moore Corporation Limited:

We have examined the consolidated balance sheets of Moore Corporation Limited as at December 31, 1980 and 1979 and the consolidated statements of earnings, retained earnings and changes in financial position for each of the three years in the period ended December 31, 1980. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1980 and 1979 and the results of its operations and the changes in its financial position for each of the three years in the period ended December 31, 1980 in accordance with generally accepted accounting principles consistently applied.

Price Waterhouse & Co.
Chartered Accountants
Toronto, Canada
February 24, 1981

Distribution of Revenue

	1980	1979	1978
Sales and investment and other income	**100.0%**	100.0%	100.0%
Used as follows:			
Wages, salaries and employee benefits	**32.0**	32.2	33.3
Materials, supplies and services	**53.3**	52.3	50.8
Depreciation	**1.9**	2.0	2.2
Income, property and other taxes	**6.6**	6.8	7.5
Allocated to minority interests	**.1**	.1	.1
Unrealized foreign exchange adjustments	**.1**	(.1)	(.3)
Extraordinary items	—	—	.1
Dividends	**2.5**	2.6	2.8
Retained in business	**3.5**	4.1	3.5

Moore Corporation Limited

Quarterly Financial Information

Expressed in United States currency in thousands of dollars except per share data (unaudited)

	1980				1979			
	Fourth Quarter	Third Quarter	Second Quarter[1]	First Quarter	Fourth Quarter	Third Quarter[2]	Second Quarter	First Quarter
Sales	$ 476,206	$ 440,685	$ 444,923	$ 442,967	$ 417,110	$ 381,153	$ 378,091	$ 364,694
Cost of sales	310,008	293,305	292,199	290,823	268,695	250,408	247,092	239,065
Income from operations	63,017	44,618	49,898	53,161	53,565	44,398	48,244	45,934
Earnings before unrealized foreign exchange adjustments	34,171	23,548	26,239	27,946	27,596	25,570	25,646	24,010
Unrealized foreign exchange adjustments	(1,239)	—	2,513	(2,456)	(21)	506	1,219	(395)
Net earnings	32,932	23,548	28,752	25,490	27,575	26,076	26,865	23,615
Per share	$1.17	84¢	$1.03	91¢	99¢	93¢	96¢	84¢

[1] The sale of the business forms printing machinery plant in the United States less provision for the cost of closing certain plants in the United Kingdom and the settlement of private damage suits against the Corporation's packaging subsidiary arising out of previous antitrust litigation resulted in a net gain of $0.8 million in the quarter.

[2] Earnings include a $1.5 million benefit representing the release of previously recorded deferred taxes arising from United Kingdom stock relief claims.

Market Price of Common Shares and Related Security Holder Matters

	1980				1979			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Toronto Stock Exchange (Canadian currency)								
High	$41¾	$43⅜	$37⅛	$39	$37¾	$39¾	$40	$40
Low	37½	35	33¼	32	32½	35¾	36⅞	32⅞
Montreal Stock Exchange (Canadian currency)								
High	41⅝	43⅛	37¼	39	37⅝	39⅝	39⅞	40
Low	37½	35⅛	33½	32	32¾	35¾	37	32⅞
New York Stock Exchange and prior to November 13, 1980, New York Over-the-Counter Market (United States currency)								
High	34⅞	36⅝	32	33¼	31½	33½	33¾	33¾
Low	31¾	30¼	28	27½	27½	30½	31½	28
Dividends paid per common share (United States currency)	41¢	41¢	41¢	36¢	36¢	36¢	36¢	33¢

There are no restrictions on the export or import of capital which affect the remittance of dividends, interest or other payments to non resident holders of the Corporation's securities.

The Foreign Investment Review Act requires the prior approval by the Government of Canada of the acquisition by, or transfer to, non residents of Canada of direct or indirect control of a Canadian business entity, such as the Corporation. The Act does not apply to the purchase of shares or securities of a corporation where such purchases would not give the purchasers effective control of the corporation.

Withholding taxes at the rate of 25% are imposed on the payment of dividends and interest to non residents of Canada. Under the Canada/United States tax treaty, such rate is reduced from 25% to 15%. Because residents of Canada hold at least 25% of the Corporation's outstanding shares and at least 25% of the Directors of the Corporation are resident in Canada, such rate of withholding tax is further reduced, as regards dividends, to 10%.

Moore Corporation Limited
Ten-Year Summary

Expressed in United States currency in thousands of dollars except per dollar of sales and per share data

Income Statistics

	1980	1979	1978
Sales	**$1,804,781**	$ 1,541,048	$ 1,323,362
Income from operations	**210,694**	192,141	163,439
Per dollar of sales	**11.7¢**	12.5¢	12.4¢
Income taxes	**108,001**	98,292	87,576
Percent of pretax earnings	**48.7%**	48.6%	51.1%
Earnings before extraordinary items	**110,722**	104,131	85,728
Per dollar of sales	**6.1¢**	6.8¢	6.5¢
Per share	**$3.95**	$3.72	$3.06
Net earnings	**110,722**	104,131	84,080
Per dollar of sales	**6.1¢**	6.8¢	6.4¢
Per share	**$3.95**	$3.72	$3.00
Dividends	**45,961**	40,352	36,987
Per share	**$1.64**	$1.44	$1.32
Earnings retained in business	**64,761**	63,779	47,093

Balance Sheet and Other Statistics

	1980	1979	1978
Current assets	**$ 683,515**	$ 625,954	$ 521,005
Current liabilities	**228,195**	218,790	178,978
Working capital	**455,320**	407,164	342,027
Ratio of current assets to current liabilities	**3.0:1**	2.9:1	2.9:1
Fixed assets (net)	**318,082**	309,084	298,040
Long-term debt	**106,283**	111,291	96,614
Ratio to equity	**0.2:1**	0.2:1	0.2:1
Shareholders' equity	**637,104**	572,232	508,378
Per share	**$22.73**	$20.42	$18.14
Total assets	**1,036,781**	968,099	849,398
Number of shareholders of record at year end	**18,999**	18,547	19,993
Number of employees	**27,813**	28,317	26,748

1977	1976	1975	1974	1973	1972	1971
$ 1,183,890	$ 1,053,427	$ 1,005,610	$ 1,032,192	$ 607,129	$ 499,400	$ 448,944
158,894	142,427	154,607	168,597	111,104	92,535	82,180
13.4¢	13.5¢	15.4¢	16.3¢	18.3¢	18.5¢	18.3¢
86,862	77,688	83,597	91,825	60,407	49,429	43,886
52.6%	52.2%	52.3%	53.7%	52.3%	51.8%	52.4%
77,825	61,633	69,512	72,725	54,896	46,022	39,822
6.6¢	5.9¢	6.9¢	7.0¢	9.0¢	9.2¢	8.9¢
$2.78	$2.20	$2.48	$2.60	$1.93	$1.62	$1.40
76,792	60,421	69,512	74,725	55,760	46,022	39,822
6.5¢	5.7¢	6.9¢	7.2¢	9.2¢	9.2¢	8.9¢
$2.74	$2.16	$2.48	$2.67	$1.96	$1.62	$1.40
33,624	33,624	33,621	26,894	21,970	19,199	17,056
$1.20	$1.20	$1.20	96.0¢	77.5¢	67.5¢	60.0¢
43,168	26,797	35,891	47,831	33,790	26,823	22,766

1977	1976	1975	1974	1973	1972	1971
$ 501,685	$ 452,975	$ 424,105	$ 443,393	$ 346,328	$ 206,953	$ 162,506
196,036	137,232	136,386	181,317	116,719	53,889	43,539
305,649	315,743	287,719	262,076	229,609	153,064	118,517
2.6:1	3.3:1	3.1:1	2.4:1	3.0:1	3.8:1	3.7:1
289,976	285,312	287,589	277,362	246,399	152,813	149,675
90,780	90,417	92,082	93,248	84,852	24,452	17,503
0.2:1	0.2:1	0.2:1	0.3:1	0.3:1	0.1:1	0.1:1
464,074	424,139	397,278	358,398	310,020	288,652	261,569
$16.56	$15.14	$14.18	$12.79	$11.07	$10.15	$9.20
819,877	764,262	737,153	741,213	611,142	389,558	341,958
20,059	20,036	20,198	20,668	21,303	21,537	22,326
27,045	25,964	26,279	29,535	28,760	16,431	15,783

Directors and Executive Personnel

Board of Directors

David W. Barr
Toronto
Chairman of the Board

Edward H. Crawford
Toronto
President, The Canada Life Assurance Company

James D. Farley
New York, N.Y.
Executive Vice President, Citibank, N.A.

J. Douglas Gibson
Toronto
Chairman of the Board, Canadian Reinsurance Company
Canadian Reassurance Company

L. Edward Grubb
Rumson, N.J.
Corporate Director

Richard W. Hamilton
Toronto
President and Chief Executive Officer

Edwin H. Heeney
Toronto
Corporate Director

W. Harold Rea
Toronto
Vice President and Director, The Mutual Life Assurance Company of Canada

Cedric E. Ritchie
Toronto
Chairman of the Board and Chief Executive Officer, The Bank of Nova Scotia

Honorary Directors

W. Herman Browne
Toronto

J. Stuart Fleming
Niagara Falls, N.Y.

Alan H. Temple
New York, N.Y.

Corporate Officers

David W. Barr
Chairman of the Board

Richard W. Hamilton
President and Chief Executive Officer

Judson W. Sinclair
Senior Vice President–Finance

Wilbur M. Nichols
Senior Vice President–International

Robert H. Downie
Senior Vice President–Development

Maurice O. Beverley
Senior Vice President

Donald S. Dunlop
Vice President and Treasurer

Florence E. Dougherty
Secretary

George G. Flint
Comptroller

Corporate Services

Alan H. Fleming
Auditor

Bruce E. Fowler
Director, Corporate Planning and Development

Peter McConnachie
Director of Human Resources

William F. Young
Director, Corporate Cost and Pricing

Canadian Operating Management

Moore Business Forms Division

Joseph B. McArthur
Vice President and General Manager

Reid Dominion Packaging Limited

Richard W. Bastien
Executive Vice President and General Manager

United States Operating Management

Moore Business Forms, Inc.

National Forms Division

Lee C. Rumph
Executive Vice President

*Homer T. Anderson
Vice President of Corporate Marketing

Robert M. Cooley
Vice President and Comptroller

M. Keith Goodrich
Vice President and Director of Manufacturing

John A. Heist
Vice President and Director of Human Resources

*H. Ross Martin
Vice President and Director of Information Services

Chester H. Naukam
Vice President and Director of Sales and Marketing

Thomas J. Pruter
Vice President of U.S. Sales

John L. Wilson
Vice President and Director of Research

Response Graphics Division

John R. Anderluh
Vice President and General Manager

Moore Business Systems

Henry P. Cooper
Vice President and General Manager

International Graphics Division

Richard C. Delano
Vice President and General Manager

F.N. Burt Company, Inc.

Graham J. McClean
Vice President and General Manager

International Operating Management

Toronto, Canada

James L. Saunders
Vice President and General Manager International Division

Earl C. Kraft
Regional Chief Executive Central America

Albert G. Taylor
Regional Chief Executive Caribbean

London, England

Donald E. Wandersee
Vice President and General Manager International Division

Bernard Coburn
Regional Chief Executive Australasia

Charles L. Dawson
Regional Chief Executive Northern Europe

Phillip Hoegarts
Regional Chief Executive Central Europe

Piet A. Laubscher
Regional Chief Executive Southern Africa

Denis Nichol
Regional Chief Executive Southern Europe

Roger Prêtre
Regional Chief Executive Western Europe

Donald E. Wandersee
United Kingdom and Eire

**Also provides Corporate Services*

Changes in Officers and Executives

Robert H. Downie, formerly vice president and director of research, was appointed senior vice president–development, Moore Corporation Limited, headquartered in the corporate offices, Toronto.

John L. Wilson, formerly general manager of the machinery and business equipment division of Moore Business Forms, Inc., was appointed vice president and director of research of that division.

Maurice O. Beverley, formerly vice president and general manager of the Canadian operating division, was appointed a senior vice president of the Corporation.

Joseph B. McArthur, formerly vice president and comptroller of Moore Business Forms, Inc., was appointed vice president and general manager of the Canadian operating division of the Corporation.

Robert M. Cooley, formerly comptroller of the Eastern area of Moore Business Forms, Inc., was appointed vice president and comptroller of that subsidiary.

John M. Kirkpatrick retired as vice president and general manager of the International Division, Toronto. Mr. Kirkpatrick served with distinction for more than 46 years.

James L. Saunders, formerly regional chief executive, South America, was appointed vice president and general manager of the International Division, Toronto.

Charles L. Dawson, formerly managing director, Moore International B.V., The Hague, was appointed regional chief executive, Northern Europe.

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